

State of the District 2015: The Price of Readiness

Understanding the Financial Requirements of Rural Ambulance Service



Presentation to the Coast Life Support District
Board of Directors

19 January 2015

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Presentation Overview

- Introduction: Preparing Yourself for Your Community Role
- Part I: Historical Review, Current Mission
 - How we got to where we are today
- Part II: What it Takes
 - Meeting the mission
- Part III: What It Costs
 - A review of the program components
- Part IV: Where the Money Comes From
 - Patient Revenue and Taxes
- Part V: What It All Means
 - Thinking Strategically



Preparing Yourself

Community Questions

Are You Ready?

- “My taxes are too high”
 - *What is the implication of a change in tax rate?*
- “You guys charge too much”
 - *What do we charge?*
 - *How much do we collect, and why so little?*
- “Those paramedics and EMTs make too much.”
 - *What is the comparable labor market and rate?*
 - *What about the Operations Manager?*
- “We want an ambulance in Timber Cove!”
 - *How much would that cost?*
 - *How big an increase in tax or patient volume is needed?*



Preparing Yourself

Community Questions

Are You Ready?

- Why does everyone have to pay for the ambulance even if they don't use it?
- Why do I have to pay extra for ambulance services separate from taxes (like CALSTAR and REACH, where membership fees cover the costs fully for services)
- What is a "dry run" and how is it paid for? How many are there?
- How does CLSD pay for "patient refused transport"?
- Why aren't the EMTs volunteers, like the fire departments?



Part I: Historical Review

- Historical Perspective
- The Early and Middle Years
- Transition to Current State
- Current State
- Mission & Demand for Services



Historical Perspective

Historical Perspective

- Early 1980s –
 - Local citizen leaders recognize need for ambulance service
 - Bill Platt and others create support for a Special District
- 1986 – Legislation for Special District
 - AB 4227, 16 Jul 1986 creates District
 - Visionary: scope is broad enough to include other health care and facilities
 - Special tax is levied to support ambulance service



Historical Perspective

The Early Years

- District was smaller
 - Tax boundaries at Stewart's Point and Point Arena
- Service provided by private contract
- One ambulance
- Not 100% coverage by paramedic
 - Backup by volunteer EMTs, Fire Depts.
- Stationed out of rental house above Gualala
- "Wild West" ambulance service



Historical Perspective

The Middle Years

1998-2008

- AB 2672 8 Feb 1988 District annexes Timber Cove and Manchester
- District becomes its own employer
- Station built on land donated by Bower
- BLS “Volunteer” program established
- Administrative staff includes part-time District Administrator/Paramedic and Business Manager
- AB 2091 June 2006 allows resident/property owner discount



Historical Perspective

Transition to Current State

2008 – Now: Building a Respected Public Agency

- Professionalism of BLS Crew
 - Shift stipend, pay parity, uniforms, training
 - Yields 100% shift coverage
 - *Keeps paramedic on the coast!*
- Full-time, senior paramedics
- Medical Director position development
 - Board-certified Emergency Medicine physician
 - Leader in developing expanded scope of practice
- Development of professional administrative staff
 - Part-time Operations Manager, Fiscal Officer



Historical Perspective

Current State

- Widely recognized and respected public agency
- Scope of practice beyond any other ALS in state
- 100% shift coverage for both ALS and BLS
- State of the art facilities, vehicles and equipment
- Solid financial footing for next 3-5 years
- Solid public support
 - Five local fire agencies work together on EMS
 - ~70% support of last tax increase



Current Mission

Current Ambulance Mission

Demand for Services Factors

- Population
 - 6400 +/- citizens
 - Seasonal tourist surges can double population
 - Stable size and age demographic
 - Significant older population
 - Broad socioeconomic range
- Medical care availability tops quality of life list
 - Senior population
 - Young families



Current Mission

Geography & Weather

- Geography & Weather
 - Linear district with challenging roads and weather
 - Longest ALS response and transport times in state
 - Helicopter support declined >50% due to weather





Current Mission

- Seven population centers
- Five area fire agencies
 - Provide EMS support during extended response times
- CLSD response area less than geographic District taxing boundaries
 - Tax boundaries determined by existing school districts
 - Ambulance response area determined by response time
 - In-District properties not served by CLSD ambulance are not taxed.





Demand for Services

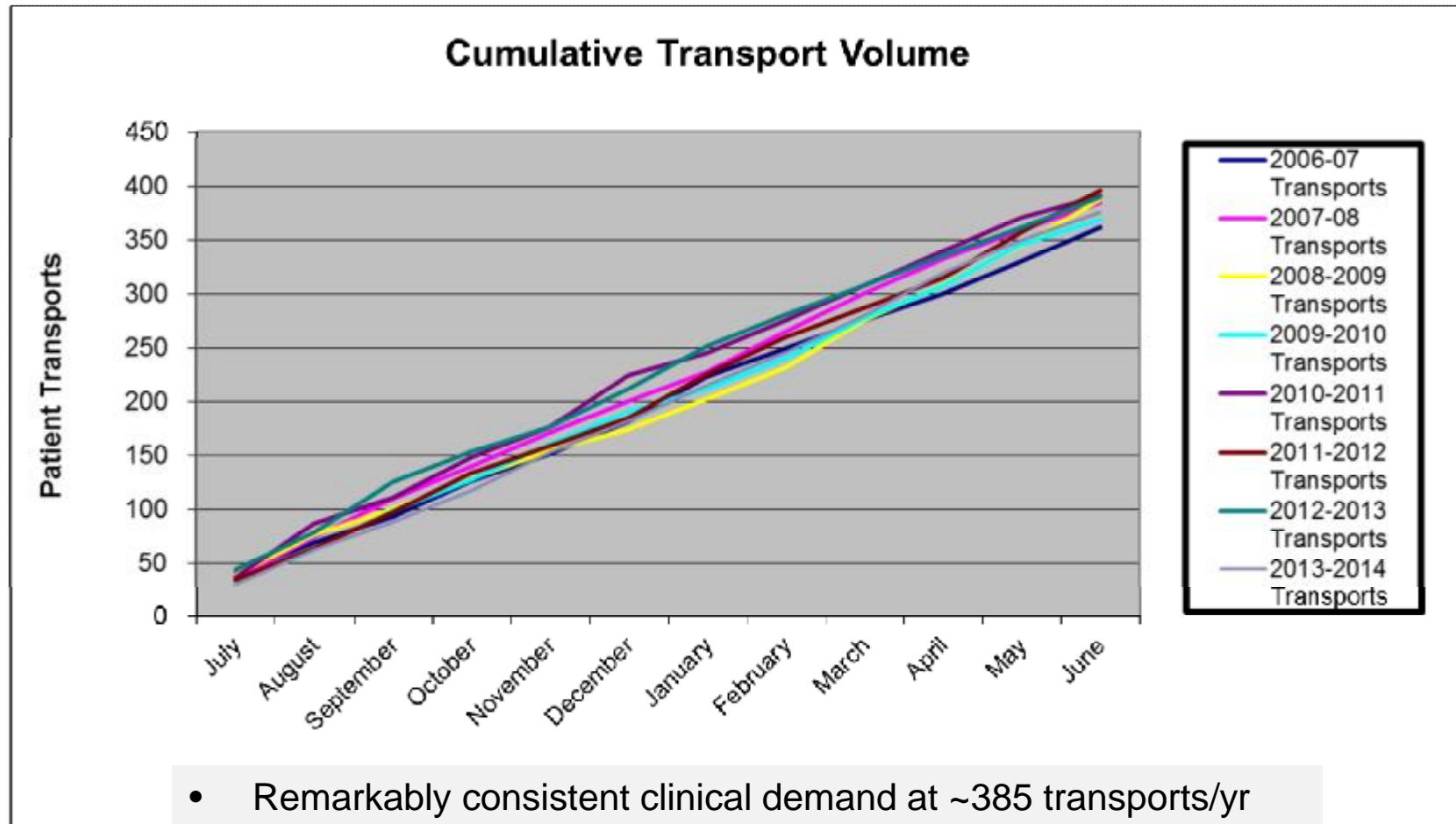
What is the Need for an Ambulance?

- Historical demand remarkably consistent
 - Dispatch calls for service ~750/year
 - 385 transports/year
 - Budgeted rate of service
- CY2014 showed increased volume
 - 892 Dispatch calls for service
 - 421 Transports
 - *Not necessarily a trend*
- Planning/budgeting challenges
 - Revenue based on random mayhem and illness



Current Mission

Demand for Services





What it Takes

Part II: What it Takes

Meeting the Mission in a Remote Environment

- Components of Readiness
- Ambulance Demand Levels
- Current Ambulance Staffing Levels
- Total Personnel Requirements



What it Takes

Components of Readiness

Highest Quality of Care for the Community

- Highly experienced staff – clinical and administrative
 - Optimum staffing model
 - Competitive pay scale
 - Balance of clinical coverage and cost
- Strong personnel support
 - Training
 - Medical and Administrative oversight
- High quality vehicles, equipment and supplies
- Multi-use facility
 - Ambulance station
 - Crew Quarters
 - Training facility



What it Takes

Ambulance Demand Levels

- Services demand supports only one full-time paramedic ambulance
 - ~2 dispatches per day
 - Averages ~1 transport/day
- BLS ambulance has dual function
 - Responds when ALS is otherwise committed
 - Transports non-ALS patients
 - Keeps paramedic on the coast!
- Third-out ambulance occasionally required
 - ALS/BLS off-duty crews step up
 - Rare coverage by neighboring agency



What it Takes

Current Staffing Levels

- Advanced Life Support (ALS) Ambulance
 - One ALS ambulance available 24x7
 - Senior Paramedic/Shift Supervisor
 - Senior EMT
- Basic Life Support (BLS) Ambulance
 - One BLS ambulance on-call (15min response)
 - Lead EMT
 - BLS EMT



What it Takes

Total Personnel Requirements

Balancing Cost and Quality

- Paramedics
 - Three FT, one PT is optimum mix for total cost
 - Two days on, four days off
- ALS EMT
 - Three FT with backup designated from BLS crew
- Admin Overhead
 - Part-time District Administrator and Fiscal Officer
 - Part-time Operations Manager/Paramedic
- Other duties
 - Due to low volume, all FT staff have additional responsibilities
 - Clinical review, supplies, equipment, IT, training, etc.
 - Increases organizational efficiency and lowers total cost



What it Costs

Part III: What it Costs

- Personnel
- Operations
- Overhead
- Training
- Loose Ends



What it Costs - Personnel

Personnel Cost Elements

- Salaries and related costs
 - Social Security and payroll taxes
 - Workers Compensation Insurance
 - Program management additional stipends
 - Training, CPR
 - Performance-based merit pay
- Benefits
 - Health insurance, uniforms, CalPERS



What it Costs - Personnel

FY Salaries = \$787K

- Paramedic \$54.1K - \$70.6K
 - \$16/hr - \$21/hr plus overtime
 - ALS EMT \$42.5K - \$55.5K
 - \$13/hr - \$16/hr plus overtime
 - BLS EMT
 - On-call stipend \$100
 - On-call hourly \$28/hr - \$37/hr
 - District Administrator \$61.3K - \$79.9K
 - Operations Manager \$54.6K - \$71.3K
 - District Fiscal Officer \$37.5K - \$48.9K
- Ø Most employees are at top of scale*



What it Costs - Personnel

Salaries Cost Multipliers

- Social Security \$10.6K
 - 6.2% of wages
 - Only for part-timers—full time are under CalPERS
- CalPERS \$83.8K
 - 15.8% of wages for Admin (DA, DFO)
 - 19.4% of wages for Safety (EMTs, Paramedics)
- Workers Comp \$26K
 - 6.3% of wages for Admin
 - 6.7% of wages for Safety



What it Costs - Personnel

Other Wages

- Part-time wages \$142.6K
 - BLS Program
- Management stipends \$9.8K
 - Training Programs Manager \$6K
 - Field Training Officer \$3K
 - CPR/AED Program Coordinator \$1.8K
- Performance-based Merit Pay \$30K
 - Up to 5% of gross annual wages
 - Based on clinical and organizational performance



Benefits

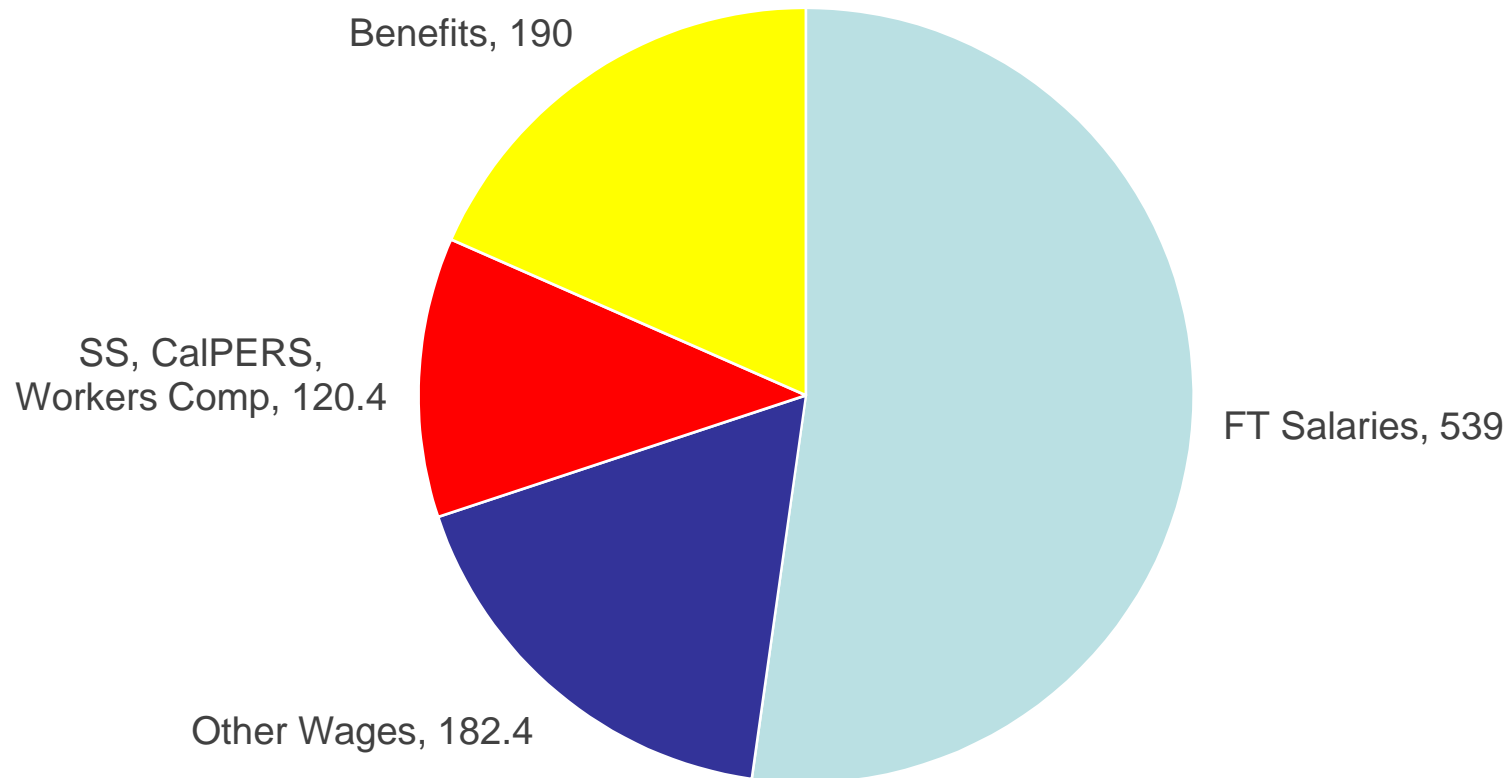
- Health Insurance Program \$102K
 - \$1K monthly into health insurance or HSA
 - If not enrolled, given as taxable income
- CalPERS Program \$83.8K
 - Conservative program 2% @ 55
 - Pension = 2% of annual wages x years in program,
 - Eligible after age 55
- Uniforms \$4.2K
 - Considered “benefit” in CalPERS



What it Costs - Personnel

Personnel Costs Summary

Personnel \$1031K





What it Costs - Operations

Operations Cost Elements

- EMS Medical Director (Consultant) - \$37.8K
 - Board-certified MD, highly regarded in EMS state-wide
- Dispatch Services - \$29.5K
 - REDCOM annual pro-rated share of program costs
- Station Expenses - \$33.3K
 - Small equipment, Supplies, Utilities, Maintenance
- Vehicle Expense - \$30K
 - Fuel and maintenance



What it Costs - Operations

Operations Cost Elements

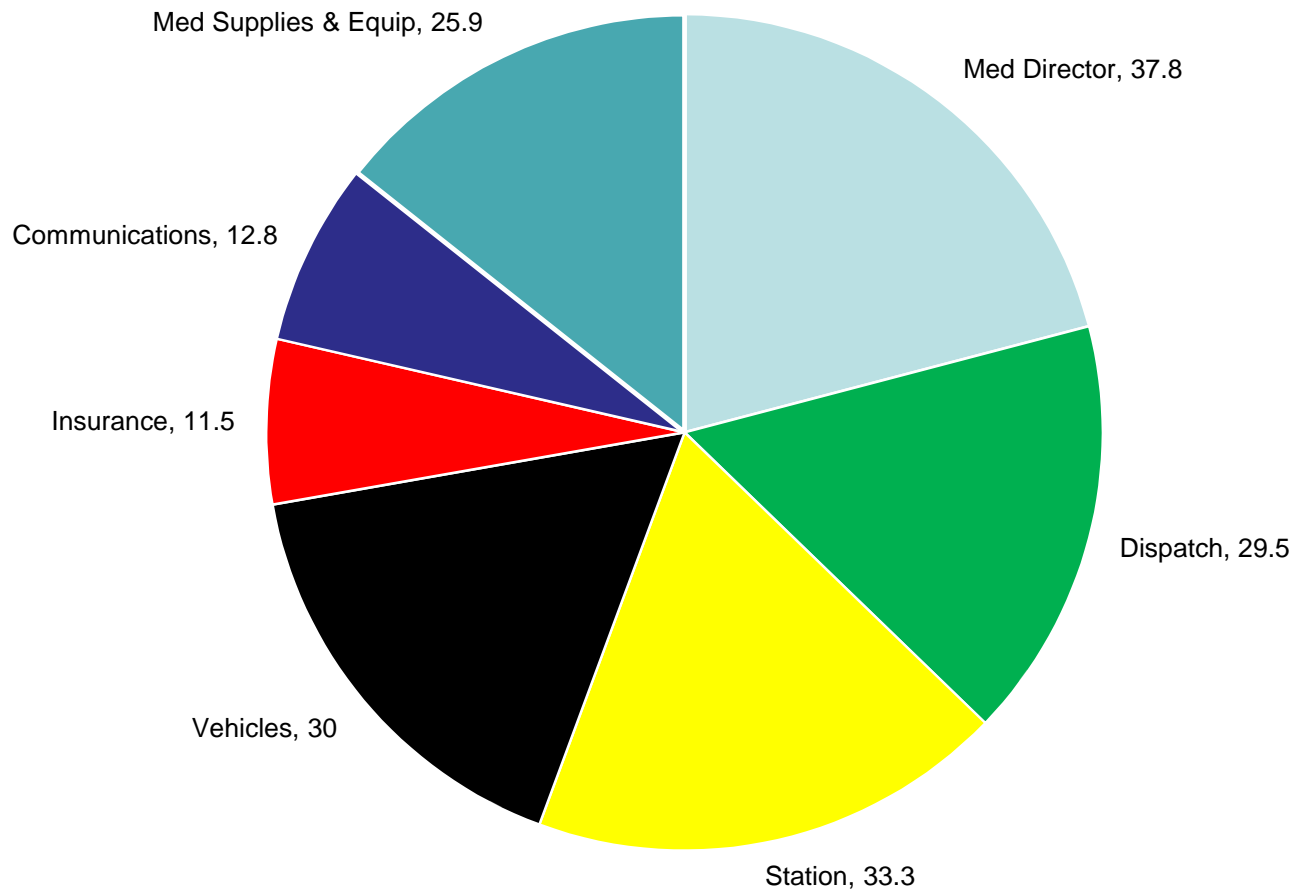
- Insurance \$11.5K
 - Cindy Elber Insurance – Ambulance Specialists
- Radios & Communications \$12.8K
 - Repairs, replacement equipment, ATT tower lease
- Medical Supplies and Equipment \$25.9K
 - Small equipment, repairs, medical supplies
 - Includes in-house Disaster Preparedness supplies



What it Costs - Operations

Operations Cost Summary

Operations \$183.6K





What it Costs – Overhead

Administration & Overhead Cost Elements

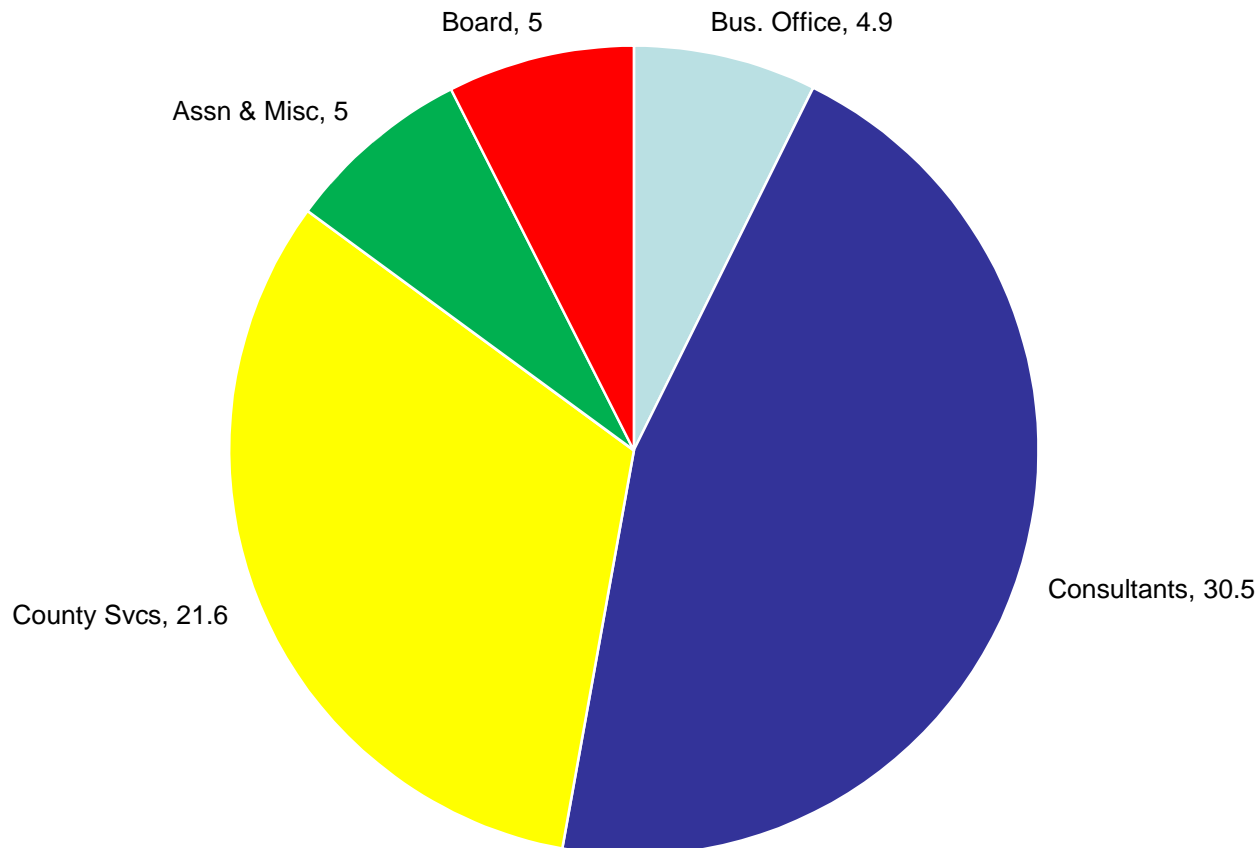
- Business Office Operations \$4.9K
 - Business software and Collections
- Board Expenses \$5K
 - Strategic planning consultant, travel, awards
- Consultants \$30.5K
 - Bookkeeping, Audit, Tax Mgmt, Financial Reports
- County Services \$21.6K
 - Property tax administration, accounting
- Associations, travel, misc. \$5K



What it Costs – Overhead

Administration & Overhead Cost Summary

Admin & Overhead \$67K





What it Costs – Training

Training Programs Cost Elements

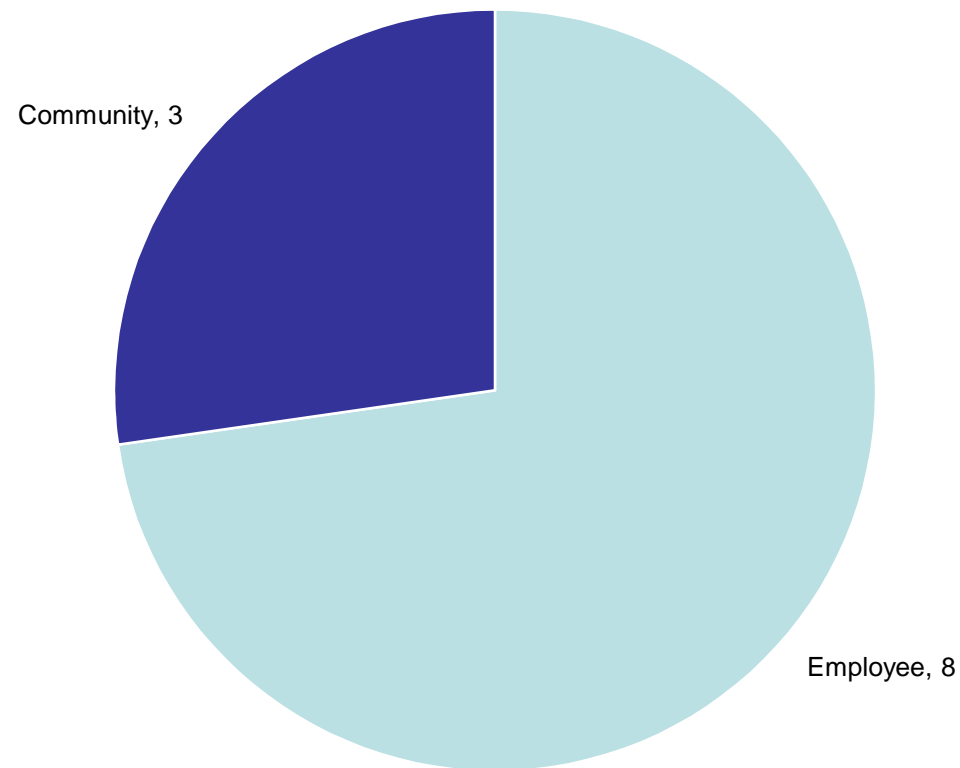
- Community Training \$3K
 - Equipment and supplies
 - Includes CPR/AED and other programs
- Employee Training \$8K
 - Includes opportunities for both ALS and BLS crew
 - Includes new employee orientation



What it Costs – Training

Training Programs Cost Summary

Training \$11K





What it Costs – Loose Ends

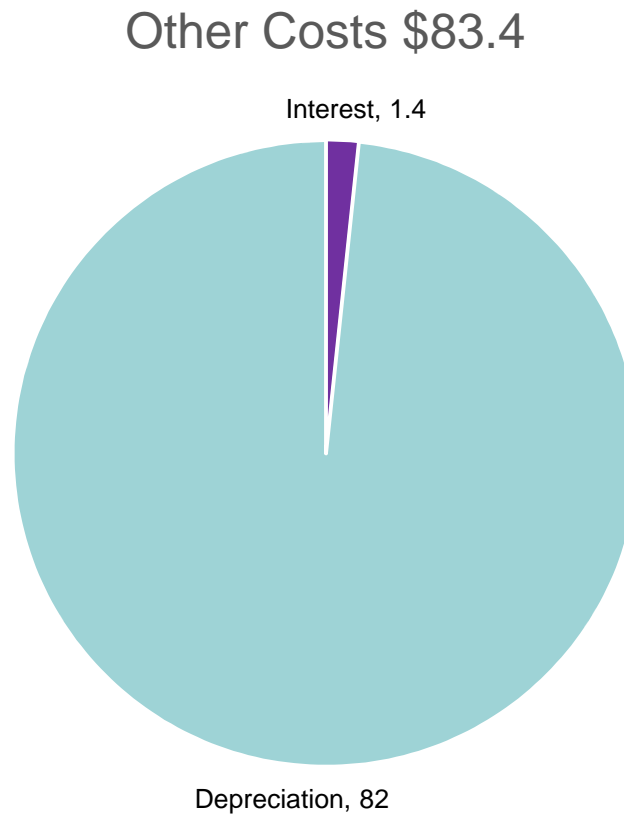
Other Cost Elements

- Interest on Capital Expense - \$1.4K
 - EMS intra-program loan from UC
- Depreciation Expense \$82K
 - Capital Equipment



What it Costs – Loose Ends

Other Cost Elements Summary

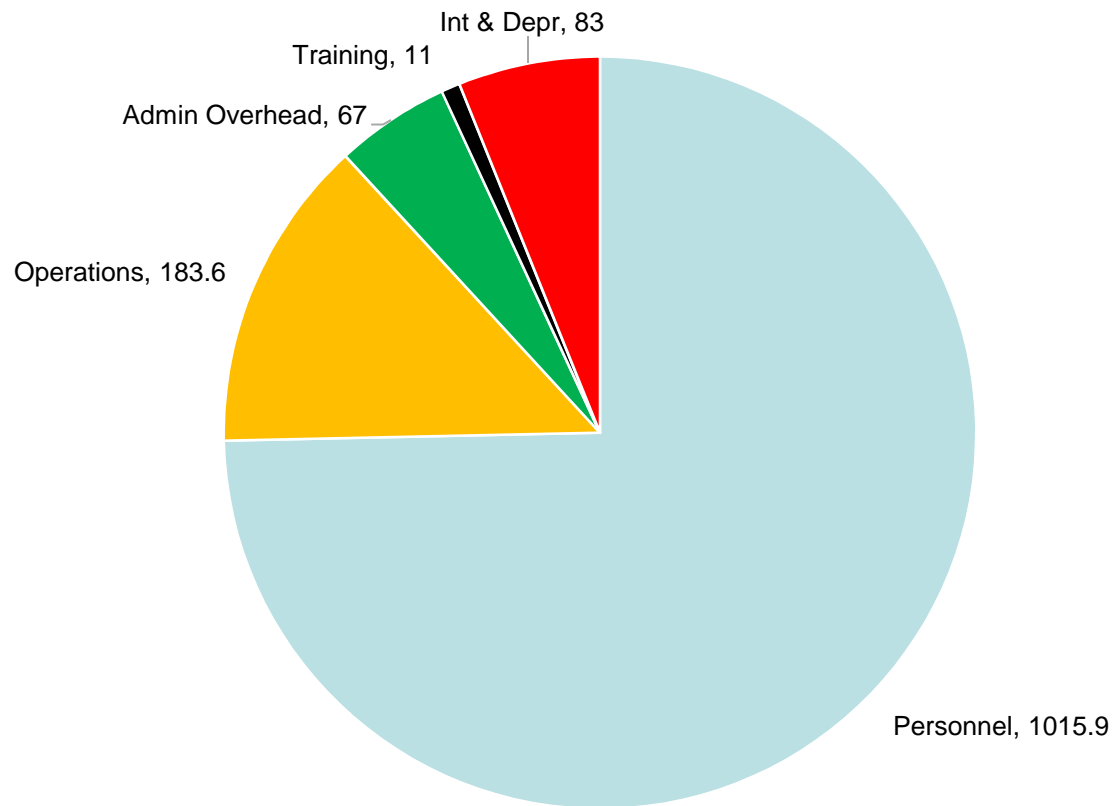




What it Costs

Total Program Cost

FY14-15 = \$1361K



Note: All numbers in this briefing are from the FY14-15 budget



Where it Comes From

Part IV: Where The Money Comes From

- Patient Revenue
 - Sources
 - Reductions in Revenue
- Taxes
 - Sources by County
 - Sources by Property Type



Where it Comes From

Patient Revenue

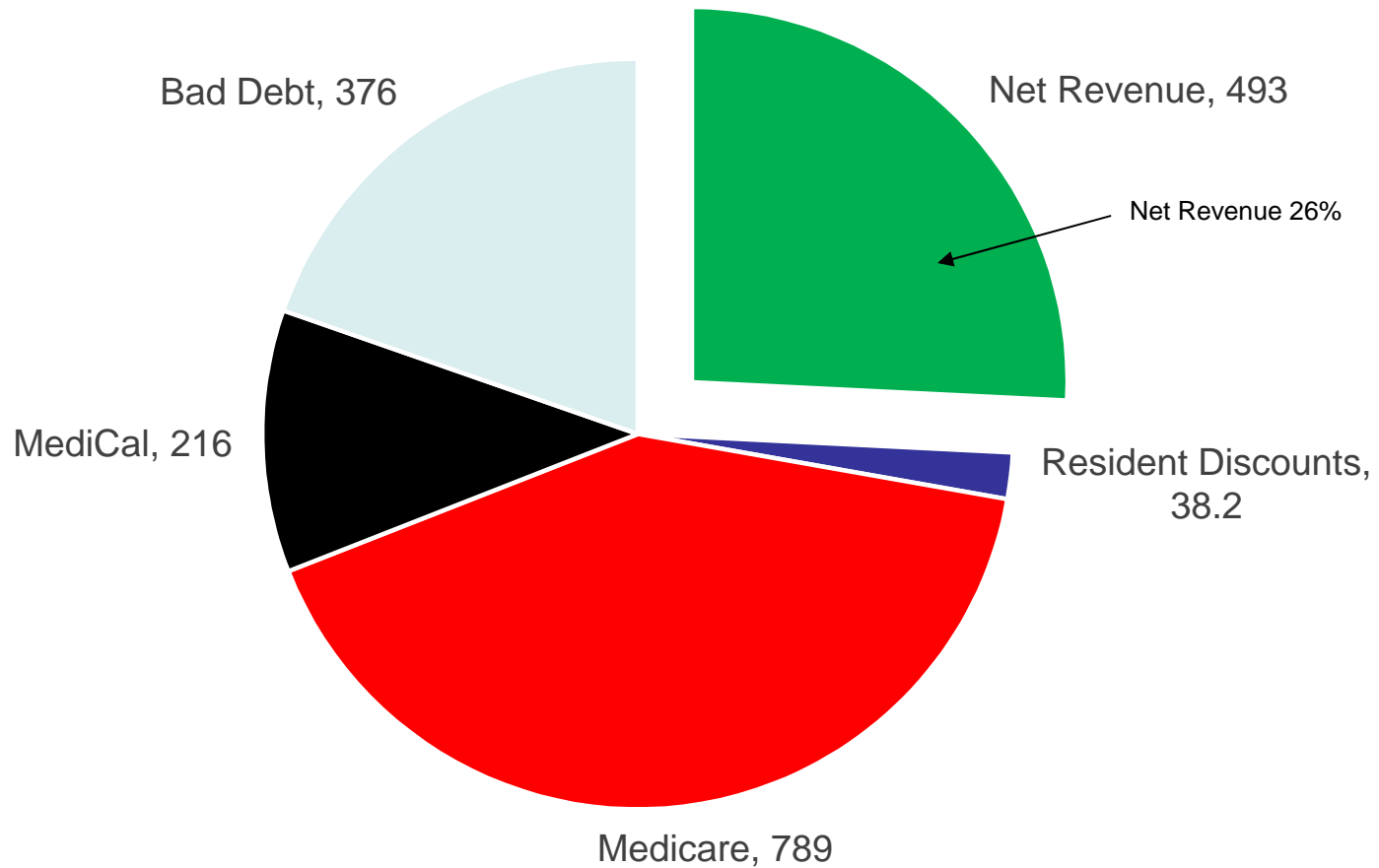
- FY13-14 Total Billed \$1913K
 - FY14 average bill \$5089
 - Comparable to AMR Santa Rosa, plus mileage \$
- Patient Revenue Net \$493K
 - Average collection/transport \$1311
 - *Collection rate only 26%*
 - Statutory reductions
 - Medicare \$789K
 - Medi-Cal \$216K
 - Bad Debt
 - FY14 Resident Out of Pocket 50% Discount \$38.2K



Where it Comes From

Patient Revenue Summary

FY14 Billed Patient Revenue \$1913K





Where it Comes From

EMS Tax Revenues

- EMS Tax \$44/unit
- Annual tax based on use (per law)
 - Vacant buildable lot \$44
 - Residential single family home \$132
 - Farm \$176
 - Duplex \$264
 - Multi-family residences and Institutions \$352
 - Service Stations, stores, commercial \$440
 - Hotels, restaurants, theaters \$880



Where it Comes From

EMS Tax Revenue by County

- Sonoma County \$364.7K
 - Pays out taxes as collected 2x/year
- Mendocino County \$561K
 - Pays out taxes as billed 2x/year (Teeter Plan)
 - Does not include small bills (<\$100)
 - Also shares County Service Area tax \$87K

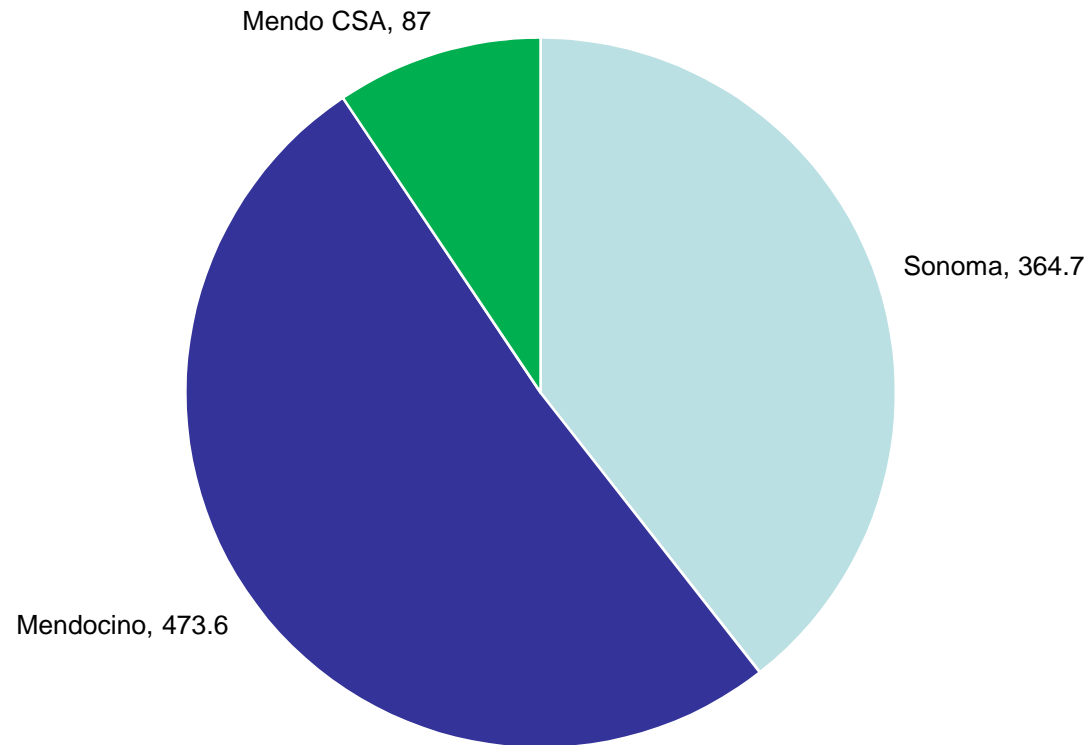


Where it Comes From

EMS Tax Revenue Summary

Payments by County

FY14-15 EMS Tax Income \$925K

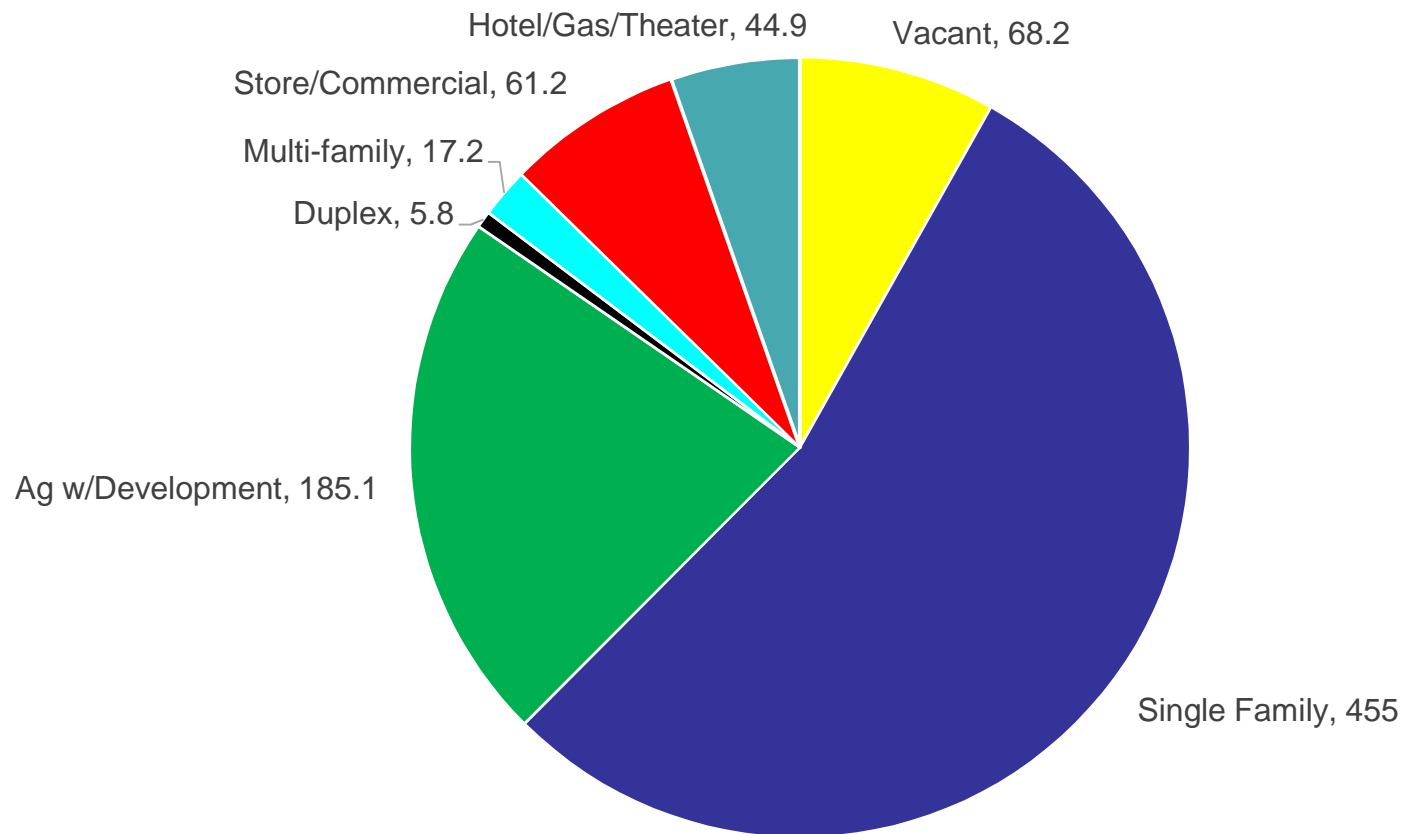




Where it Comes From

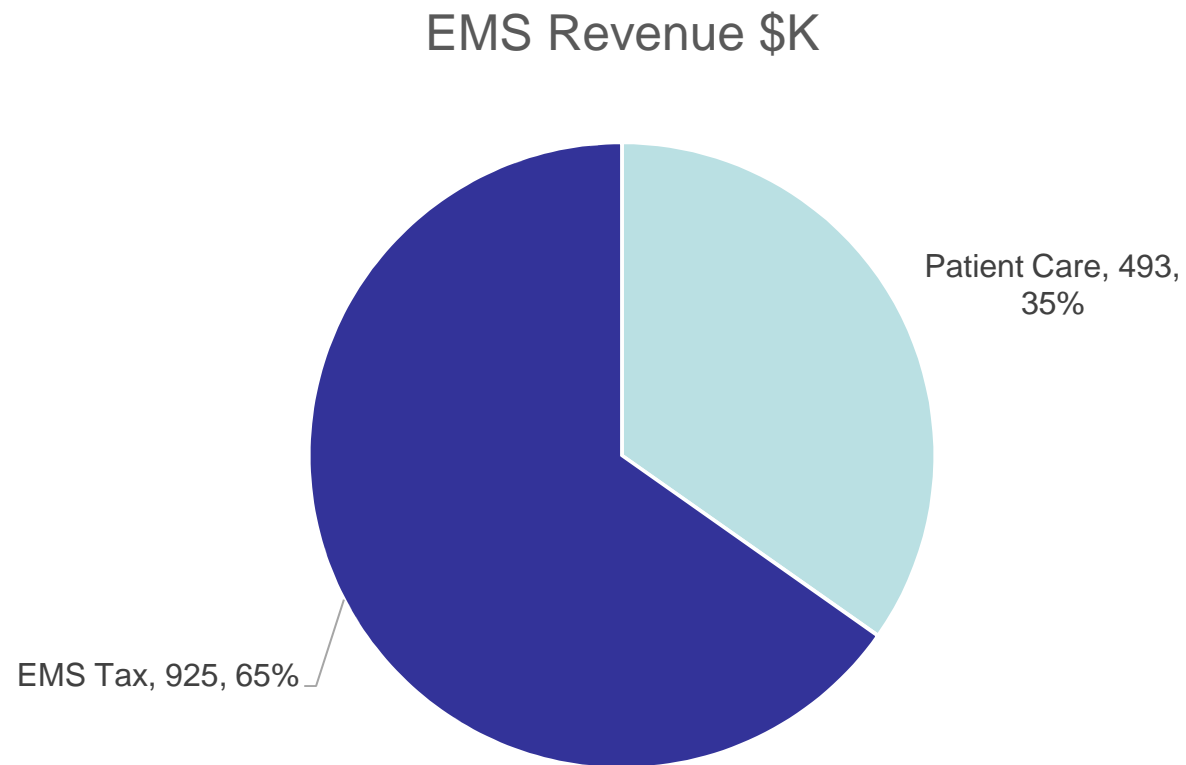
EMS Revenue by Property Type

EMS Tax Income \$837K





EMS Revenue Summary





What it All Means

Part V: What It All Means

Thinking Strategically About Finances

- What You Get for Your Money
 - High Quality Service: Trained, Equipped, and Organized
- Operational Costs and Demand
 - Example: Cost and services equivalencies
 - Example: Costs of providing additional services
- Forecasting Revenue and Cost Growth
- Next Year's Budget Issues



What it All Means

The Mendonoma Blue Angels





What it All Means

What You Get for Your Money

- Trained
 - Seasoned team with top credentials
 - Senior paramedics, ER-credentialed Medical Director
- Equipped
 - Top-quality vehicles and equipment
 - Broadest scope of practice in the state
- Organized
 - Efficient overhead and supporting duties
 - BLS crew professionalized to maximize coverage
 - Leader in coastal EMS, Disaster Prep, and Communications



What it All Means

Example: Cost & Services Equivalencies

Strategic Thinking in Round Numbers

- \$1 in tax/unit equals
- \$3/year for homeowner
- ~ \$20K in Revenue
- 15 patient transports
- One day/week of BLS coverage
- Half the cost of the Resident Discount program
- The combined budgets of:
 - Training
 - Board of Directors
 - Association Membership



What it All Means

Example: Operational Costs and Demand

Does a Second Ambulance Make Sense?

- Cost Components of Additional Service
 - One paramedic FTE ~\$100K/yr
 - One EMT FTE ~\$75K/yr
 - One ambulance \$140K or \$30K/yr
- Annual cost to add second ambulance ~\$575K
 - 3 paramedics \$300K
 - 3 EMTs \$225K
 - Ambulance (incl. fuel, maintenance, garage) \$40K
 - Plus training, oversight, uniforms, insurance
- Revenue options to support second ambulance
 - ~\$30/unit increase in taxes (\$90/year to homeowner)
 - 439 patient transports (additional ~900 dispatches)



What it All Means

Forecasting Revenue & Cost Growth

Budget Factors for FY15-16

- Revenue Growth Sources - Negligible
 - Stable population
 - Those aging out replaced by younger seniors
 - No potential for significant growth
 - Possible increases in patient revenue
 - ACA created more insurance coverage à less bad debt
 - Medi-Cal reimbursement program
 - Tax base may grow as homebuilding recovers
 - Slight growth in building (lot-to-house yields \$88)
 - Increased patient volume
 - ~40 patients this year yields ~\$50K



What it All Means

Forecasting Revenue & Cost Growth

Budget Factors for FY15-16

- Cost Growth Likely Areas
 - Salary scale Cost of Living Adjustment (COLA)
 - Sum of Gann Limit area economic inflators FY12-15
 - 3.15% COLA = \$22K
 - Medical CPI-U Inflation Index 3.1%
 - Applies to medical supplies and equipment
 - Dropping fuel costs will have negligible impact
 - Diesel fuel price has not dropped like gasoline



FY15-16 DA Budget Issues

- 3.2% COLA
 - Maintain parity with labor market
 - Tie rates to county inflation factors
- “No Out-of-Pocket” for residents and property owners
 - Similar to REACH and CALSTAR



Backup Slides



Labor Market - Paramedic

CLSD Wage Market Comparison FY08/09 - FY 14/15

CLSD - Coast Life Support District Mendonoma
Coast
MCDH - Mendocino Coast District Hospital Fort
Bragg
AMR - American Medical Response Santa Rosa

Paramedic - 10 year Top Step

	FY14-15	FY14-15		COLA '09	COLA '10	COLA '11	COLA '12	COLA '13	COLA '14	COLA '15
	Hourly	Salary	% Difference							
CLSD	\$20.93	\$70,578.00	---	3.5%	0.0%	0.0%	3.0%	0.0%	0.0%	
MCDH	\$24.54	\$82,748.00	17.2%	3.0%	4.0%	5.0%				
AMR	\$33.87	\$83,665.00	18.5%	4.0%	4.5%	4.0%				

EMT - 10 Year Top Step

	FY14-15	FY14-15		COLA '09	COLA '10	COLA '11	COLA '12	COLA '13	COLA '14	COLA '15
	Hourly	Salary	% Difference							
CLSD	\$16.47	\$55,537.00	---	3.5%	0.0%	0.0%	3.0%	0.0%	0.0%	
MCDH	\$19.37	\$65,315.00	17.6%	3.0%	4.0%	5.0%				
AMR	\$32.18	\$66,926.44	20.5%	4.0%	4.5%	4.0%				

NOTE: Above figures for MCDH and AMR do not include potential overtime wages, which can amount to an additional 20-25% salary.



FY14 Resident Discount

50% Out-of-Pocket Discount for Residents and Property Owners

FY2013-14 Quarter	Patients	\$ Discounted
Q1	31	7,647
Q2	32	14,862
Q3	30	7,994
Q4	30	7,442
TOTAL	123	37,945



FY2015 Patient Fees

 BLS Non-Emergency	\$1056	 Mileage per mile	\$35
 BLS Emergency	\$1551	 Oxygen	\$158
 BLS Emergency/Night	\$1678	 EKG	\$221
 ALS I Non-Emergency	\$2664	 BLS Treat and Release	\$198
 ALS I Emergency	\$3184	 ALS Treat and Release	\$488
 ALS I Emergency/Night	\$3589	 Late Payment Fee	\$12
 ALS I Emergency/EKG	\$3389		
 ALS I Emergency/EKG/Night	\$3586		
 ALS II Emergency	\$3728		
 ALS II Emergency/Night	\$3945		